



PUBLIC NOTICE

Federal Communications Commission
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Washington, D.C. 20554

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DA 02-2200

October 4, 2002

**PETITION FOR WAIVER OF THE INTERNATIONAL SETTLEMENTS POLICY FOR
A CHANGE IN ACCOUNTING RATE FOR INTERNATIONAL MESSAGE
TELEPHONE SERVICES WITH TELEFONOS DE MEXICO S.A. DE C.V. ; EX PARTE
TREATMENT OF ALL PETITIONS FOR CHANGE IN ACCOUNTING RATE FOR
INTERNATIONAL MESSAGE TELEPHONE SERVICES WITH TELEFONOS DE
MEXICO S.A. DE C.V.**

Pleading Cycle Established
ISP-WAV-20020729-00026
ISP-WAV-20020322-00012
ISP-WAV-20020528-00019
ISP-WAV-20020419-00014
ISP-WAV-20020522-00018
ISP-WAV-20020705-00022

Comments/Petitions Due: November 4, 2002

Responses/Oppositions Due: November 19, 2002

Verizon Global Solutions Inc. ("Verizon") has filed a petition to waive the Commission's International Settlements Policy ("ISP") to lower the accounting rate for International Message Telephone Services ("IMTS") between Verizon and its correspondent in Mexico, Telefonos de Mexico S.A. de C.V. ("Telmex").¹ Verizon has requested a waiver of the ISP in order to implement a proposed settlement rate reduction between Verizon and Telmex for traffic exchanged between the United States and Mexico.

The average settlement rate currently in effect with Telmex is US \$0.19 per minute. Verizon has submitted to the Commission a proposed agreement with Telmex reflecting reductions in the settlement rate for certain traffic between Verizon and Telmex. Verizon states

¹ *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.* (filed July 29, 2002) (*Verizon Petition*).

that the proposed agreements would reduce settlement rates with Telmex as follows: For the period January 1, 2001 through December 31, 2001 each party will pay the proposed average total settlement rate of \$0.155 per minute. For the period January 1, 2002 through February 28, 2002, each party will pay the proposed average total settlement rate of \$0.135 per minute. For the period March 1, 2002 through December 31, 2003, the proposed rates to be paid by Verizon to Telmex (“southbound”) would be divided into three different rates for different locations in Mexico,² and all traffic sent by Telmex to Verizon (“northbound”) would be settled at \$0.055 per minute.³ Verizon’s proposed settlement rate reductions are detailed in the Supplementary Data Statement of their petition (see Attachment below).

Verizon argues that the Commission may find good cause to waive the ISP to allow implementation of the proposed rates.⁴ Verizon states that the rates proposed are lower than the existing \$0.19 settlement rate.⁵ As such, Verizon argues that waiving the ISP to permit the proposed settlement rate agreement with Telmex to go into effect would promote the public interest.⁶ Verizon notes that WorldCom, SBCS, Sprint and AT&T have filed petitions with the Commission to implement similar rates with Telmex and that Telmex has offered similar rates to other U.S. carriers.⁷

² Verizon states that the proposed agreement calls for: (1) a settlement rate of \$0.055 per minute for IMTS traffic terminating in the three largest cities in Mexico (Mexico City, Guadalajara and Monterrey); (2) a settlement rate of \$0.085 for IMTS traffic terminating in roughly 150 large and medium sized cities in Mexico; and (3) a settlement rate of \$0.1175 for IMTS traffic terminating in all other locations in Mexico. *Verizon Petition* at 2.

³ Verizon also states that the proposed agreement calls for a \$0.11 settlement rate for Home Country Direct, Inbound 800 (International Freephone) and Received Collect traffic for both the northbound and southbound routes. *Verizon Petition* at 2.

⁴ *Verizon Petition* at 2

⁵ *Verizon Petition* at 3

⁶ *Verizon Petition* at 3 (citing *1998 Biennial Regulatory Review, Reform of the International Settlements Policy and Associated Filing Requirements*, Report and Order and Order on Reconsideration, 14 FCC Rcd 7963, 7993, ¶ 80 (1999)). Verizon further argues that the proposed arrangement provides for geographically based rates for Mexico terminating traffic in an attempt to more closely reflect cost which “move[s] closer to achieving the Commission’s market-opening goals in a flexible manner.” *Verizon Petition* at 3 (citing *International Settlement Rates*, Report and Order, 12 FCC Rcd. 19806 (1997), *aff’d sub. nom, Cable & Wireless et al. v. FCC*, 166 F.3d 1224 (D.C. Cir. 1999)).

⁷ *Verizon Petition* at 3. Verizon notes that, because Telmex has offered the same terms and conditions to other U.S. carriers, “the proposed arrangement precludes the abuse of market power... [and] no U.S. carrier has been ‘whipsawed’ in the negotiations with Telmex.” *Verizon Petition* at 3-4. Verizon also notes that, as a part of the proposed agreement, Telmex has promised to request the elimination of certain Mexican regulations to ensure fully competitive negotiations of international termination rates on the U.S.-Mexico route by January 1, 2004. *Verizon Petition* at 4.

The Commission has received five other petitions for waiver, similar to the petition submitted by Verizon.⁸ The Commission issued Public Notice announcements for each of these petitions setting dates for public comment on the waiver requests.⁹ Those notices did not address the *ex parte* treatment for these requests.

Pursuant to section 1.1200(a) of the Commission's rules,¹⁰ we classify this proceeding as permit-but-disclose for purposes of the *ex parte* rules.¹¹ We find that the issues before us in these requests have applicability beyond the parties, and find that it would therefore serve the public interest to facilitate participation of interested members of the public. Effective with the release of this Public Notice, *ex parte* presentations associated with these waiver petitions are permitted, provided they are disclosed as provided in the Commission's rules.¹²

Pursuant to Sections 1.415 and 1.419 of the Commission's rules, 47 C.F.R. §§ 1.415, 1.419, interested parties may file comments on or before **November 4, 2002**, and reply comments on or before **November 19, 2002**. Any filings should reference the file number of the proceeding. **An original and four copies** of all pleadings must be filed in accordance with Section 1.51(c) of the Commission's rules, 47 C.F.R. § 1.51(c).

If filed by hand delivery, the Commission's contractor, Vistronix, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, D.C. 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building.

⁸ *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.* (filed March 22, 2002) (*WorldCom Petition*); *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.* (filed April 19, 2002) (*AT&T Petition*); *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.* (filed May 22, 2002) (*SBCS Petition*); *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.* (filed May 28, 2002) (*Sprint Petition*); *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.* (filed June 24, 2002) (*Williams Petition*).

⁹ *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.*, DA 02-1251 (rel. May 24, 2002) (*WorldCom and AT&T Public Notice*); *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.*, DA 02-1488 (rel. July 2, 2002) (*Sprint and SBCS Public Notice*); *Petition for Waiver of the International Settlement Policy for a Change in Accounting Rate for International Message Telephone Services with Telefonos de Mexico S.A. de C.V.* DA 02-1736 (rel. July 29, 2002) (*Williams Public Notice*).

¹⁰ 47 C.F.R. § 1.1200(a).

¹¹ See 47 C.F.R. § 1.1206.

¹² *Id.*

If filed by mail, the following procedures should be followed: Commercial Overnight Mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. **U.S. Postal Service first-class mail, Express Mail, and Priority Mail** should be addressed to 445 12th Street, SW, Washington, D.C. 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission.

In addition, one copy of each pleading must be sent to each of the following:

- (1) The Commission's duplicating contractor, Qualex International, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554; e-mail: qualexint@aol.com; facsimile: (202) 863-2898; phone: 202 863-2893.
- (2) George Li, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-A669, Washington, D.C. 20554; e-mail: gli@fcc.gov;
- (3) Claudia Fox, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-A662, Washington, D.C. 20554; e-mail: cfox@fcc.gov;
- (4) Susan O'Connell, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B544, Washington, D.C. 20554; e-mail: soconnel@fcc.gov;
- (5) David Strickland, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-B428, Washington, D.C. 20554; e-mail: dstrickl@fcc.gov.
- (6) Gardner Foster, Policy Division, International Bureau, 445 12th Street, S.W., Room 7-A861, Washington, D.C. 20554; e-mail: gfooster@fcc.gov.

Copies of the application and any subsequently-filed documents in this matter may be obtained from Qualex International, in person at 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554, via telephone at (202) 863-2893, via facsimile at (202) 863-2898, or via e-mail at qualexint@aol.com. The application and any associated documents are also available for public inspection and copying during normal reference room hours at the following Commission office: FCC Reference Information Center, 445 12th Street, S.W., Room CY-A257, Washington, D.C. 20554.

For further information, contact Gardner Foster, International Bureau, at (202) 418-1460.

ATTACHMENT
Verizon Settlement Rate Schedules.

Settlement Rate Schedule 1

Between Telmex and GSI

	DIAL DAY	DIAL NIGHT
U.S. Billed	US\$ 0.16670	US\$ 0.14400
Mexico Billed	US\$0.16300	us\$0.14300

- **Notes**
- The “Dial Day rate period is defined as Monday through Friday 7:00 a.m. to 7:00 p.m., and Sunday 5:00 p.m. to 12:00 a.m. The “Dial Night” rate period is defined as Monday through Friday 7:00 p.m. to 7:00 a.m., all day Saturday, and Sunday 12:00 a.m. to 5:00 p.m.
- The 2001 weighted average settlement rates is \$0.155
- A \$2.00 surcharge applies per Received Collect messages that uses one or more of the following services (Person-to-Person collect, Station-to-Station collect) when the ticketing is performed at the originating location.
- For Operator Station, Person Collect and Person-to-Person calls, a three- (3) minute minimum charge at the Dial Day rate shall apply for each message.
- These rates are calculated using Telmex and Telnor data for the period January 1st, 2000 to December 31st, 2000, as provided by Telmex.
- Proportionate return methodology 3-3-3.

Settlement Rate Schedule 2
Between Telmex and GSI
For the Period January 1,2002 To February 28,2002

	DIALDAY	DIALNIGHT
U.S. Billed	US\$0.1454	US\$0.1256
<ul style="list-style-type: none">• Notes• The “Dial Day rate period is defined as Monday through Friday 7:00 a.m. to 7:00 p.m., and Sunday 5:00 pm. to 12:00 a.m. The “Dial Night” rate period is defined as Monday through Friday 7:00 p.m. to 7:00 a.m., all day Saturday, and Sunday 12:00 a.m. to 5:00 p.m.• A US\$ 2.00 surcharge applies per Received Collect message that uses one or more of the following services (Person-to-Person collect, Station-to-Station collect) when the ticketing is performed at the originating location.• For Operator Station, Person Collect and Person-to-Person calls, a three- (3) minute minimum charge at the Dial Day rate shall apply for each message.• These rates are calculated using Telmex and Telnor data for the period January 1st, 2000 to December 31st, 2000, as provided by Telmex.• Proportionate return methodology 2-2-2		
Mexico Billed	US\$0.1433	US\$ 0.1245

Settlement Rate Schedule 3

Between Telmex and GSI

Associated Mexican Numbering Plan Area Codes (MNPAs) for Termination in Mexico City, Guadalajara and Monterrey at US\$0.055:

222	438	632	757	958
228	442	633	758	961
229	443	639	762	965
231	444	641	771	967
232	449	642	773	968
238	451	645	775	971
246	452	646	777	981
271	453	653	779	983
272	461	656	782	986
284	462	661	783	987
287	463	662	786	993
311	464	664	791	998
312	466	665	823	999
314	469	667	828	
317	472	668	829	

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33
81

2. Associated MNPAs for Termination in “Medium-Sized Cities” at US% 0.085:

322	473	669	831
324	474	676	833
325	475	686	834
341	477	713	841
351	481	714	842
352	492	715	844
353	493	721	861
354	494	722	867
356	591	726	868
374	595	727	871
378	597	728	877
381	612	732	878
384	614	733	891
389	618	735	892
392	622	736	899
393	623	744	916
415	624	747	917
427	626	754	921
435	627	755	922
436	631	756	938

3. Associated MNPAs for “Rest of Mexico” Termination at US\$ 0.1175:

223	357	467	694	826
224	358	468	695	827
225	359	471	696	832
226	371	476	697	835
227	372	478	698	836
233	373	482	711	845
235	375	483	712	846
236	376	485	716	862
237	377	486	717	864
241	379	487	718	866
243	382	488	719	869
244	383	489	723	872
245	385	495	724	873
247	386	496	725	894
248	387	498	729	897
249	388	499	731	913
273	391	588	734	914
274	394	592	737	918
275	395	593	738	919
276	411	594	739	923
278	412	596	741	924
279	413	599	742	932
281	414	613	743	933
282	417	615	745	934
283	418	616	746	936
285	419	621	748	937
288	421	625	749	951
294	422	628	751	953
296	423	629	753	954
297	424	634	759	962
313	425	635	761	963
315	426	636	763	964
316	428	637	764	966
318	429	638	765	969
319	431	643	766	972
321	432	644	767	982
323	433	647	768	984
326	434	648	769	985
327	437	649	772	988
328	441	651	774	991
329	445	652	776	992
342	447	658	778	994
343	448	659	781	995
344	454	671	784	996
345	455	672	785	997
346	456	673	789	

347	457	674	797
348	458	675	821
349	459	677	824
355	465	687	825

- **Notes:**

- The tables above reference the MNPA's under the new lo-digit dialing plan in Mexico.
- Telmex has provided, in a separate electronic file (due to the amount of raw data) the necessary logic to map the old 8 digit dialing plan to the above mentioned rates, as the 8 digit dialing plan will coexist with the new 10 digit plan until, at the latest, May 17th, 2002.
- Above rates and factors apply specifically to the following services: dial, station-to-station, person-to-person, Paid 800, ISDN, facsimile, calling card calls either dialed directly by a subscriber or operator handled, and such other services as the Parties may expressly agree shall be included in this Agreement.
- For International 800 (I-800), Home Country Direct and Received Collect Services a flat, per minute rate of US\$ 0.11 apply.
- A US\$ 2.00 surcharge applies per Received Collect message that uses one or more of the following services (Person-to-Person collect, Station-to-Station collect) when the ticketing is performed at the originating location.
- For Operator Station, Person Collect and Person-to-Person calls, a three- (3) minute minimum charge shall apply for each message.
- Proportionate return methodology 2-2-2.
- The parties agree to consider a different methodology (i.e. 1-2-1) for 2003.

4. Rates for USA Terminating Traffic: US\$0.055.